

STATEMENT
INSURANCE ASSOCIATION OF CONNECTICUT

Insurance and Real Estate Committee, Public Health Committee
and Human Services Committee

March 2, 2009

SB 1022, An Act Concerning Guaranteed Issue For
Individual Health Plans

The Insurance Association of Connecticut, IAC, is opposed to SB 1022, An Act Concerning Guaranteed Issue For Individual Health Plans, as drafted. Due the broad definition of health insurance in the Connecticut statutes, it would appear that SB 1022 might unnecessarily apply to long term care and disability products.

SB 1022 would require insurers to provide coverage without assessing the insurance risk of the applicant, necessitating the establishment of a "guess" price for the product. Insurers will be required to provide insurance coverage without being able to determine the appropriate level of morbidity risk. The appropriate classification of risk along with the ability to charge an appropriate premium or decline coverage based upon risk classification are fundamental to the existence of the voluntary insurance marketplace. Guarantee issue in the individual marketplace allows the consumer to anti-select the company by not purchasing insurance until they are an extremely high risk or worse, until they are already eligible for benefits. In the extreme this level of potential anti-selection cannot be incorporated into a rate structure as it will result in a premium that exceeds the benefits provided by the policy.

The IAC urges SB 1022 be rejected as it applies to Long Term Care and Disability products.